

11 KAR 8:010. Teacher Loan Program.

RELATES TO: KRS 164.770

STATUTORY AUTHORITY: KRS 164.748(4), 164.770

NECESSITY, FUNCTION, AND CONFORMITY: KRS 164.770 established the Teacher Loan Program to encourage academically talented students to become teachers in the public schools of the Commonwealth. This administrative regulation prescribes rules for the administration of the Teacher Loan Program. 11 KAR 8:030 establishes a new program of teacher scholarships pursuant to House Bill 799 (1990 RS), Part I, F., 46., p. 52 and the corresponding budget memorandum. This amendment is necessary to rename the program established pursuant to KRS 164.770 to avoid confusion.

Section 1. Definitions. (1) "Public school" means a common school operated under the laws of the Commonwealth of Kentucky.

(2) "Semester" means a period of about eighteen (18) weeks, which usually makes up one-half (1/2) of a public school year or one-half (1/2) of a participating institution's academic year.

(3) "Qualified teaching service" means employment in a public school in a position requiring a Kentucky Teacher's Certificate for a major portion of a school day for at least seventy (70) days during a semester.

(4) "Participating institution" means an institution of higher education located in Kentucky, which is approved by the State Board of Education to offer teacher education programs, and which has in force an agreement with the authority providing for administration of this program.

Section 2. The Kentucky Higher Education Assistance Authority (authority) shall, to the extent of appropriations for such purpose, award teacher loans to persons enrolled or accepted for enrollment on a full-time basis at participating institutions of higher education, approved by the State Board of Education to offer teacher education programs, who declare an intention to enter the teaching profession in the public schools of the Commonwealth, and who meet the eligibility requirements set forth herein.

Section 3. Eligibility Criteria. Graduates of a high school, located in Kentucky, who rank academically in the top ten (10) percent of their graduating class, or who score at or above the 80th percentile on a test required for admission to the Commonwealth's public institutions of higher education, and who have not previously received a baccalaureate degree, shall be eligible to apply for a teacher loan. An individual who owes repayment of a grant or work-study award, or who is in default in repayment of any loan owed to the authority, is not eligible to receive a teacher loan until all such financial obligations to the authority are satisfied, provided, however, that ineligibility for this reason may be waived, at the recommendation of a designated staff review committee for cause.

Section 4. Selection Criteria. Recipient selection will be made on the basis of the following weighted criteria: rank in class (thirty (30) percent), grade point average (forty (40) percent), percentile score on the test required for admission to the Commonwealth's public institutions of higher education (thirty (30) percent). (Test scores of applicants from minority population groups will be measured relative to the scores of such minority population groups.) If funds are insufficient to award all applicants, the loans shall first be awarded to those qualifying applicants who previously received scholarships. If funds are insufficient to award all prior recipients who are qualified applicants, then loans shall be prorated in accordance with the cumulative amount previously received by such applicants. If funds are sufficient to award new applicants, an award shall be made first to

the applicant with the highest score on the selection criteria and, thereafter, in a descending order to persons having lower scores until all available funds are awarded. Once all the criteria have been evaluated and two (2) or more applicants are equally ranked, selection between the applicants will be made on the basis of the date the application is received by the authority.

Section 5. Renewal. Teacher loans shall be renewed annually upon application for a maximum of three (3) years of undergraduate study for those who maintain at least the equivalent of a 2.5 cumulative grade point average on a scale of 4.0 and provided that the recipient, when first eligible, enrolls in a teacher education program and, thereafter, continues to be enrolled on a full-time basis in such a program. Awards for summer school attendance shall be made upon separate application.

Section 6. Award Maximums. The maximum teacher loan award for a summer session shall be \$1,250; for a semester shall be \$2,500; or, for an academic year (exclusive of a summer session) shall be \$5,000. The aggregate maximum of teacher loan awards shall not exceed \$20,000 per individual. Awards shall not exceed the student's total cost of attendance as determined by the participating institution.

Section 7. Disbursements. Disbursement of teacher loans shall be made at the beginning of each semester or summer session and each such disbursement shall be evidenced by a promissory note, prescribed by the authority, in which the loan recipient shall agree to repay the loan funds or render qualified teaching service in lieu thereof.

Section 8. Notifications. Recipients shall notify the authority within thirty (30) days of:

- (1) Change in enrollment status;
- (2) Cessation of enrollment in a teacher education program;
- (3) Employment in a qualified teaching service position; or,
- (4) Change of address.

Section 9. Withdrawals. Loan recipients who, prior to completion, cease to be enrolled on a full-time basis in a teacher education program at a participating institution, shall immediately become liable for the repayment to the authority of the sum of all teacher loan funds received plus interest accrued thereon unless such recipient has an approved deferment pursuant to 11 KAR 8:020.

Section 10. Repayment. Recipients who do not begin employment in a qualified teaching service position within the six (6) month period following completion of a teacher education program in a participating institution (excluding periods of deferment pursuant to 11 KAR 8:020) shall immediately become liable to the authority for repayment of principal and interest accrued, pursuant to the earliest promissory note then outstanding. In each semester thereafter, during which a recipient does not render qualified teaching service, repayment of an additional promissory note shall become due, proceeding sequentially from the promissory note having the earliest date to the most recent date.

Section 11. Repayment Schedule. Written notification of demand for repayment shall be sent by the authority to the loan recipient's last known address and shall be effective upon mailing. The authority may agree, in its sole discretion, to accept repayment in installments in accordance with a schedule established by the authority. In the event that more than one (1) promissory note has come due for repayment and remains unpaid, then payments shall first be applied to the earliest unpaid promissory note. Payments shall be applied first to accrued interest and then to principal.

Section 12. Cancellation. (1) In order to receive cancellation of a promissory note and the interest accrued thereon, a loan recipient must render qualified teaching service in a public school during a semester. One (1) such promissory note shall be cancelled for each semester during which qualified teaching service is verified to the authority. Such cancellations of promissory notes shall be in sequential order beginning with the earliest promissory note.

(2) In the event that a recipient has received loans or scholarships from more than one (1) program administered by the authority, which require a period of qualified teaching service for repayment or cancellation, such teaching requirements shall not be fulfilled concurrently. Unless the authority determines otherwise for cause, loans or scholarships from more than one (1) program shall be repaid or cancelled by qualified teaching service in the same order in which they were received.

(3) Verification of qualified teaching service shall be submitted to the authority in writing, signed by the local school district superintendent or building principal, within thirty (30) days of the date a scholarship recipient completes such qualified teaching service.

Section 13. Interest. The interest rate on loan funds shall be twelve (12) percent per annum simple interest. Interest accruing on the unpaid principal of each promissory note shall be computed from the date of disbursement of the respective promissory note, and such interest shall continue to accrue until the promissory note is paid in full pursuant to Section 11 of this administrative regulation or cancelled in full pursuant to Section 12 of this administrative regulation. In the event that the loan is not repaid or cancelled in accordance with the terms of the promissory note and related repayment schedules, if any, and judgment is rendered on the debt, then the annual interest rate shall, from the date of such judgment, not exceed four (4) percent in excess of the discount rate on ninety (90) day commercial paper in effect at the Federal Reserve Bank in the Federal Reserve District where the transaction is consummated or nineteen (19) percent, provided that it shall not be less than the face rate of the promissory note.

Section 14. Records. A participating institution shall maintain complete and accurate records pertaining to the eligibility, enrollment and progress of students receiving aid under this program and the disbursement of funds and institutional charges as may be necessary to audit the disposition of funds hereunder. Such records shall be maintained for at least five (5) years after the student ceases to be enrolled at the institution.

Section 15. Refunds. A participating institution shall refund to the authority, within forty (40) days of a recipient's last date of attendance, any amount attributable to this program which is determined to be due under the institution's refund policy.

Section 16. Information Dissemination and Recruitment. The authority shall disseminate information through high school counselors and school superintendents about this program to potential recipients. Participating institutions shall provide assurances that program information will be disseminated to freshmen and sophomores enrolled at that institution. Participating institutions shall actively recruit students from minority population groups for participation in this program. (13 Ky.R. 94; 503; eff. 8-12-1986; 1613; 1853; eff. 4-14-1987; 16 Ky.R. 2694; eff. 8-9-1990; Crt eff. 9-28-2018.)